

**BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION**

IN RE: Thomas & Andrea Cassidy )  
Dist. 2, Map 53J, Group B, Control Map 53J, ) Cumberland County  
Parcel 22.00, S.I. 000 )  
Residential Property )  
Tax Year 2007 )

### INITIAL DECISION AND ORDER

### Statement of the Case

The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$44,500	\$401,700	\$446,200	\$111,550

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on September 5, 2007 in Crossville, Tennessee. The taxpayers represented themselves. The assessor of property was represented by Deputy Assessor Mary Cox. Also in attendance at the hearing was Fred Wilson, an appraiser with the Division of Property Assessments.

## FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a single family residence located at 46 Roundstone Terrace in Crossville, Tennessee.

The taxpayers contended that subject property should be valued at a maximum of \$400,000. In support of this position, the taxpayers first noted that when they purchased subject property on December 23, 2004 for \$367,265, it was appraised by the assessor at \$343,000 or 93.5% of the purchase price.<sup>1</sup> The taxpayers maintained that property in Fairfield Glade appreciated approximately 4%-5% per year during 2005 and 2006. The taxpayers argued that the current appraisal of \$446,200 represents an excessive 29.9% increase in value over a two year period. The taxpayers asserted subject property should be valued by increasing the previous appraisal of \$343,400 by 10%. This results in an indicated value of approximately \$378,598.

The taxpayers also contended that the current appraisal of subject property does not achieve equalization. In support of this position, the taxpayers compared the assessor's appraisal of their home with his appraisal of the home located at 125 Stonewood Drive.

The assessor contended that subject property should be valued at \$446,200. In support of this position, three comparable sales were introduced into evidence.

<sup>1</sup> The assessor's records indicate a sale price of \$365,989. Given the lack of a deed in the record, the administrative judge will utilize the taxpayer's slightly higher figure.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$404,000.

The administrative judge finds that the fair market value of subject property as of January 1, 2007 constitutes the relevant issue. The administrative judge finds that the Assessment Appeals Commission has repeatedly rejected arguments based upon the amount by which an appraisal has increased as a consequence of reappraisal. For example, the Commission rejected such an argument in *E.B. Kissell, Jr.* (Shelby County, Tax Years 1991 and 1992) reasoning in pertinent part as follows:

The rate of increase in the assessment of the subject property since the last reappraisal or even last year may be alarming but is not evidence that the value is wrong. It is conceivable that values may change dramatically for some properties, even over so short of time as a year. . .

The best evidence of the present value of a residential property is generally sales of properties comparable to the subject, comparable in features relevant to value. Perfect comparability is not required, but relevant differences should be explained and accounted for by reasonable adjustments. If evidence of a sale is presented without the required analysis of comparability, it is difficult or impossible for us to use the sale as an indicator of value. . . .

Final Decision and Order at 2.

The administrative judge finds that the assessor's more recent sales cannot receive the weight they might otherwise be accorded because they were not adjusted. The administrative judge finds that the taxpayer's December 23, 2004 purchase should initially receive greatest weight. However, the administrative judge finds that the sale should be adjusted by 10% to account for appreciation between the sale and assessment dates. This results in a value of \$404,000 after rounding.

The administrative judge finds that the primary purpose of the 2007 countywide reappraisal program was to appraise all properties at 100% of their market value. The administrative judge finds that in 2004 the appraisal ratio for Cumberland County was 94.47%. Thus, subject property, like most property, was appraised at less than its market value at that point in time.

The administrative judge finds that the taxpayers' equalization argument must be rejected. The administrative judge finds that the State Board of Equalization has historically adhered to a market value standard when setting values for property tax purposes. See

*Appeals of Laurel Hills Apartments, et al.* (Davidson County, Tax Years 1981 and 1982, Final Decision and Order, April 10, 1984). Under this theory, an owner of property is entitled to “equalization” of its demonstrated market value by a ratio which reflects the overall level of appraisal in the jurisdiction for the tax year in controversy.<sup>2</sup> The State Board has repeatedly refused to accept the *appraised* values of purportedly comparable properties as sufficient proof of the *market* value of a property under appeal. For example, in *Stella L. Swope* (Davidson County, Tax Years 1993 and 1994), the Assessment Appeals Commission rejected such an argument reasoning as follows:

The assessor’s recorded values for other properties may suffer from errors just as Ms. Swope has alleged for her assessment, and therefore the recorded values cannot be assumed to prove market value.

Final Decision and Order at 2.

### ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2007:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$44,500	\$359,500	\$404,000	\$101,000

It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which


<sup>2</sup> See Tenn. Code Ann. §§ 67-5-1604-1606. Usually, in a year of reappraisal – whose very purpose is to appraise all properties in the taxing jurisdiction at their fair market values – the appraisal ratio is 1.0000 (100%). That is the situation here.

relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or

3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 21st day of September, 2007.

  
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MARK J. MINSKY  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

c: Thomas & Andrea Cassidy  
Ralph Barnwell, Assessor of Property